

MCCLURE FLOOR AMENDMENT

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2117

(Reference to the PUBLIC INSTITUTIONS AND RETIREMENT Committee amendment)

1 Page 1, strike lines 2 through 28

2 Strike page 2

3 Page 3, strike lines 1 through 21, insert:

4 "Section 1. Section 38-891, Arizona Revised Statutes, is amended to
5 read:

6 **38-891. Employer and member contributions**

7 A. As determined by actuarial valuations reported to the employers and
8 the local boards by the fund manager, each employer shall make level per cent
9 of salary contributions sufficient under the actuarial valuations to meet
10 both the normal cost plus the actuarially determined amount required to
11 amortize the unfunded accrued liability over, beginning July 1, 2005 a
12 rolling period of at least twenty and not more than thirty years that is
13 established by the fund manager taking into account the recommendation of the
14 plan's actuary, except that, beginning with fiscal year 2006-2007, except as
15 otherwise provided, the employer contribution rate shall not be less than six
16 per cent of salary. For any employer whose actual contribution rate is less
17 than six per cent of salary for fiscal year 2006-2007 and each year
18 thereafter, that employer's contribution rate shall be at least five per cent
19 and not more than the employer's actual contribution rate. An employer may
20 pay a higher level per cent of salary thereby reducing its unfunded past
21 service liability. All contributions made by the employers and all state
22 taxes allocated to the fund shall be irrevocable and shall be used to pay
23 benefits under the plan or to pay expenses of the plan and fund. The minimum
24 employer contribution that is paid and that is in excess of the normal cost

1 plus the actuarially determined amount required to amortize the unfunded
2 accrued liability as calculated pursuant to this subsection shall be used to
3 reduce future employer contribution increases and shall not be used to pay
4 for an increase in benefits that are otherwise payable to members. The fund
5 manager shall separately account for these monies in the fund. Forfeitures
6 arising because of severance of employment before a member becomes eligible
7 for a pension or for any other reason shall be applied to reduce the cost to
8 the employer, not to increase the benefits otherwise payable to members.
9 After the close of any fiscal year, if the plan's actuary determines that the
10 actuarial valuation of an employer's account contains excess valuation assets
11 other than excess valuation assets that were in the employer's account as of
12 fiscal year 2004-2005 and is more than one hundred per cent funded, the fund
13 manager shall account for fifty per cent of the excess valuation assets in a
14 stabilization reserve account. After the close of any fiscal year, if the
15 plan's actuary determines that the actuarial valuation of an employer's
16 account has a valuation asset deficiency and an unfunded actuarial accrued
17 liability, the fund manager shall use any valuation assets in the
18 stabilization reserve account for that employer, to the extent available, to
19 limit the decline in that employer's funding ratio to not more than two per
20 cent.

21 B. EXCEPT AS PROVIDED BY SUBSECTION H, each member shall contribute
22 ~~eight and one half~~ 7.96 per cent of the member's salary to the retirement
23 plan. Member contributions shall be made by payroll deduction. Continuation
24 of employment by the member constitutes consent and agreement to the
25 deduction of the applicable member contribution. Payment of the member's
26 salary less the deducted contributions constitutes full and complete
27 discharge and satisfaction of all claims and demands of the member relating
28 to salary for services rendered during the period covered by the payment.

29 C. Each participating employer shall cause the member contributions to
30 be deducted from the salary of each member. The deducted member
31 contributions shall be paid to the retirement plan within five working days
32 and shall be credited to the member's individual account.

1 D. During a period when an employee is on industrial leave and the
2 employee elects to continue contributions during the period of industrial
3 leave, the employer and employee shall make contributions based on the salary
4 the employee would have received in the employee's job classification if the
5 employee was in normal employment status.

6 E. The local board of the state department of corrections or the local
7 board of the department of juvenile corrections may specify a position within
8 that department as a designated position if the position is filled by an
9 employee who has at least five years of credited service under the plan, who
10 is transferred to temporarily fill the position and who makes a written
11 request to the local board to specify the position as a designated position
12 within ninety days of being transferred. On the employee leaving the
13 position, the position is no longer a designated position.

14 F. The local board of the state department of corrections or the local
15 board of the department of juvenile corrections may specify a designated
16 position within the department as a nondesignated position if the position is
17 filled by an employee who has at least five years of credited service under
18 the Arizona state retirement system and who makes a written request to the
19 local board to specify the position as a nondesignated position within ninety
20 days of accepting the position. On the employee leaving the position, the
21 position reverts to a designated position.

22 G. BEGINNING WITH FISCAL YEAR 2008-2009, if the aggregate computed
23 employer contribution rate that is calculated pursuant to subsection A is
24 less than six per cent of salary, beginning on July 1 of the following fiscal
25 year the member contribution rate prescribed in subsection B OR H is
26 permanently reduced by an amount that is equal to the difference between six
27 per cent and the aggregate computed employer contribution rate.
28 Notwithstanding this subsection, the member contribution rate shall not be
29 less than 7.65 per cent of the member's salary.

30 H. NOTWITHSTANDING SUBSECTION B, EXCEPT FOR A FULL-TIME DISPATCHER,
31 BEGINNING ON JULY 1, 2009, A MEMBER SHALL CONTRIBUTE 8.41 PER CENT OF THE
32 MEMBER'S SALARY TO THE RETIREMENT PLAN. AFTER THE CLOSE OF ANY FISCAL YEAR,

1 IF THE PLAN'S ACTUARY DETERMINES THAT THE AGGREGATE RATIO OF THE FUNDING
2 VALUE OF ACCRUED ASSETS TO THE ACCRUED LIABILITIES OF THE FUND IS AT LEAST
3 ONE HUNDRED PER CENT, FROM AND AFTER JUNE 30 OF THE FOLLOWING YEAR, EXCEPT
4 FOR A FULL-TIME DISPATCHER, A MEMBER SHALL CONTRIBUTE 7.96 PER CENT OF THE
5 MEMBER'S SALARY TO THE RETIREMENT PLAN. ADDITIONALLY, THE MEMBER'S
6 CONTRIBUTION TO THE RETIREMENT PLAN MAY ALSO BE PERMANENTLY REDUCED PURSUANT
7 TO SUBSECTION G."

8 Amend title to conform

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